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SUBJECT: Chalabi's Provision of Services Committee - March 4

11. SUMMARY: Following a February 29 discussion at the I-ESC, Dr. Chalabi convened a special meeting to discuss water availability in Baghdad. Participants included representatives from the National Plastics Industry (NPI), the Ministry of Municipalities and Public Works (MMPW), the Baghdad Water Authority (BWA) - a division of the Amanat, the Ministry of Electricity (MoE) and US Embassy staff, including ITAO Water. Those present concluded that delivering water by tanker truck throughout the summer to neighborhoods suffering from water scarcity was the best short-term solution. No medium or long term solutions were discussed. There was, however, a general consensus that as long as there is as much electricity for the summer as predicted, most of Baghdad will receive adequate water. The concern was for specific neighborhoods.

12. Following the water session, the Provision of Services Committee met. The committee discussed transportation needs in Baghdad which includes planners, land for depots, buses and fuel for buses. The Deputy Minister for Transportation also urged that a transportation pricing review board be developed. The committee then reviewed Baghdad Clean-up Days, an ongoing initiative suggested by the Amanat to clean the streets of Baghdad. Concluding the meeting, the Deputy Minister of Health provided a brief report on health conditions in Sabi' al Bor. END SUMMARY.

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Special Session: Water Shortages in Baghdad  
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13. Appearing to stem from a tasking from the February 29 I-ESC meeting, Dr. Chalabi convened a special working group to address water shortages in Baghdad. (Note: We believe that Dr. Chalabi's meeting was in response to the Deputy Prime Minister's request to convene a special committee to discuss the quality of water in Baghdad. However, when we probed Dr. Chalabi about why that issue was not on the agenda, he said that water quality discussions masked the real, larger issue - availability: "People talk about water quality who don't want to answer questions about availability." End Note)

14. The committee heard first from the National Plastics Industry. Company representatives described their limited ability to provide potable water, which is a by-product of their manufacturing processes. NPI is currently able to produce 6,000 cubic meters of potable water per day. Dr. Chalabi grilled NPI on their business plan, including their current debt levels and their plan to create revenue and profit, but the representatives struggled to provide specific answers. They maintained that capacity was limited. Dr. Chalabi said he would assist in "finding" a loan to replace obsolete pumps. Later in the discussion, Dr. Chalabi suggested that NPI water be sent to Nahrawan, an eastern qada of Baghdad. The MMPW said they were only capable of tanking 30 trucks per day to Nahrawan, so Chalabi suggested contractors. MMPW still seemed reluctant due to quality concerns.

15. Dr. Chalabi pressed for specific details on the average potable water production and what people were actually getting, but the BWA was unable to provide that information. The General Director (GD) of BWA discussed at length seven ongoing projects which will produce an

additional 2.8 million cubic meters once completed. The GD maintained that projects are hindered due to unreliable electricity, despite having their own power lines paid for by the Amanat supplemented by back-up generators. Back-up generators when used only provide 50% of capacity because they were designed for emergency purposes only. Also regarding the generators, fuel shortages limit their regular use according to the GD. Dr. Chalabi reminded the BWA of their authority to import their own fuel as granted by the Prime Minister. The GD estimated that more than 150mw were needed. (Note: It was not clear if he meant per project. A time frame i.e. 150 mw per day, per hour, was not offered. End Note) The GD did; however, note that power failures vary from project to project, but he did not offer specifics.

¶6. The MoE retorted that power outages are less frequent than claimed. As a result, Dr. Chalabi asked for a report on the power outages.

¶7. Approximately 260,000 cubic meters of water are lost per day to illegal tapping of the lines. Chalabi estimated that 500,000 families are deprived as a result. The BWA GD complemented the efforts of the FPS (Facility Protection Service, a police force), but he said more was needed to reduce this problem. Dr. Chalabi requested a memo, detailing the situation, including the specific locations where trespassing is a problem. The memo will be sent to the BOC for further action. Committee members agreed that illegal tapping that provides drinking water to people who need it is a lower policing priority than against farmers who are stealing drinking water from the system to irrigate crops. Part of the solution to that problem is to restore the pumping system that irrigates fields with river water.

¶8. Dr. Chalabi asserted that there would be an immediate need for potable water as the summer approaches. He suggested that tankers be used to truck water into severely deprived muhallas or

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neighborhoods. Based upon some quick math, Dr. Chalabi noted that 500 tankers could provide only 10,000 cubic meters of water - meeting only 10% of need. Nonetheless, meeting attendees noted that it would be logistically challenging to tank more water because of the probable shortage of trucks and fuel. UNICEF successfully tanked 1,000 trucks per day in the past, but they are no longer providing this service according to the GD. The BWA volunteered to do a quick study conducted by each municipal office on their local water needs. The study is to be presented next week. (Note: It was not clear who will be briefing the study or when and where the briefing will occur. Embassy staff is working to answer these questions. End Note) Funding to tank water was briefly mentioned, but no source was identified.

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The Provision of Services Committee Follows  
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¶9. Chalabi commenced the meeting by sharing the outcome of the previous water session with attendees which included the Ministries of Trade, Health, Transportation, Defense and Oil. The Iraqi Red Crescent (IRC) was also present. While not in attendance at the special water meeting, the IRC added that they are installing 50 purifying units, or compact units, in various locations across Iraq. When questioned by Chalabi, the IRC maintains that the units will be powered by already purchased generators and the IRC has the fuel to operate the generators. The IRC representative, Dr. Saaïd Hakkiasked for money from the committee to support its project, but Dr. Chalabi did not respond to that request.

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Transportation Drives Topic of Conversation  
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¶10. The Ministry of Transportation (MoTrans) discussed their need for additional bus depots, at least one in each province. To date, Najaf has given 10 acres of land for a depot and reportedly the Prime Minister has allocated emergency, contingency funding for a depot in Karbala. The Ministry requests other provinces cooperation,

particularly Baghdad. Chalabi suggested that the MoTrans draft a memo to the Amanat requesting specific pieces of land. Chalabi's staff went one step further and suggested a subcommittee to work with the Amanat and the MoTrans. (Note: According to the MoTrans representative, under the former regime, the MoTrans reined a significant amount of authority to claim property as needed. This concept sounded like eminent domain, but in terms of seizing government property, not private property. End Note)

¶11. The MoTrans also discussed the need to review transportation costs, i.e. bus ticket prices, airfare, etc. He noted that Iraqi Airways is facing significant difficulties due to jet fuel shortage. The MoTrans sought the authority from Dr. Chalabi to confiscate vehicles from drivers who were charging illegal fares. Chalabi said he could not help with this issue and suggested that the MoTrans approach parliament about it. However, he was pessimistic about its passage, noting that government confiscation of private property was reminiscent of the Saddam era. The MoTrans then suggested that the Government of Iraq import cars and provide loans because the existing banking system in Iraq is not car loan friendly. There are few loans to be had and the ones that do exist charge exorbitant interest rates, somewhere between 17-20 percent. Dr. Chalabi acted as though he was appalled by the rates (Note: He knows very well what they are. End note.) and offered to send a memo to the Prime Minister informing him that the current banking system in Iraq does not facilitate reconstruction and development due to high interest rates and bureaucracy. He said that he is seeking a study of the current banking system.

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Baghdad Clean-Up Days: A Bigger Mess for the Amanat?  
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¶12. An idea proposed by the Amanat, "Baghdad Clean-Up Days," is reportedly lacking assistance from the Amanat's own staff. The MoTrans, Ministry of Trade (MoT) and the Ministry of Construction and Housing (MoCH) all complained that the Amanat was absent during these monthly neighborhood cleanings. The committee will send a letter to the Prime Minister asking him and/or the respective ministries and the Amanat to appoint General Directors to serve on an executive planning board to ensure equitable participation.

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Health Check Up  
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¶13. The remaining time of the meeting were devoted to a quick update from the Deputy Minister of Health. Because of claims that the Mahmoudiya public health clinic (PHC) is sub-par, the committee will visit to survey the situation. A report is expected for next week's meeting. The Deputy Minister said that an internal committee has been created to specifically address the health needs in Sabi' al Bor. The ministry also intends to meet with the Karkh Director to discuss Sabi' al Bor's health care needs.

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